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MEDICARE EXPANDS OPPORTUNITIES FOR PHYSICIANS TO EARN PERFORMANCE PAYMENTS FOR IMPROVING QUALITY

The Centers for Medicare & Medicaid Services (CMS) is making available the shared savings payment model and quality measurement and reporting processes used in the Medicare Physician Group Practice Demonstration (PGP) to Medicare Health Care Quality (MHCQ) Demonstration applicants. The PGP models give applicants a defined and industry supported payment model and quality measurement and reporting process.

“We are making the shared savings model and quality reporting tools available so physician groups and health care systems can focus their resources on system redesign to improve patient safety, enhance quality, increase efficiency, and reduce scientific uncertainty and unwarranted variation,” said CMS Administrator Dr. Mark B. McClellan, MD, PhD.

The PGP Demonstration shared savings model provides additional financial support for physicians to improve the quality and efficiency of health care services delivered to Medicare fee-for-service beneficiaries.

Under the model, physician groups are eligible for performance payments derived from savings from better care management designed to anticipate patient needs, prevent chronic disease complications and avoidable hospitalizations, and improve quality of care. In turn, physicians can use these savings to invest in health IT, care coordination, and other steps to improve care and reduce costs.

The MHCQ Demonstration focuses on major and multi-faceted system redesign to improve quality and increase efficiency across an entire health care system.

“We are seeing physician groups invest in care management programs, redesign clinical care processes, and improve care transitions to better support chronically ill and complex Medicare patients all as a result of the opportunity to share in savings,” said Dr. McClellan.

“Our patients receive better care when providers are given financial incentives to deliver the right care at the right time in the right setting,” Dr. McClellan added.

“Physicians know this is the right thing to do for their patients, and now Medicare is providing better financial support to help make it happen, rather than just paying more for more services.”

Physician groups, integrated delivery systems, and regional coalitions thereof are eligible to use the PGP model. Newly formed regional coalitions of smaller physician groups could come together for demonstration purposes to participate in the MHCQ Demonstration using the PGP model.

Applicants using the PGP model are required to meet all MHCQ goals and objectives (e.g., improve patient safety, enhance quality, increase efficiency, reduce scientific uncertainty and unwarranted variation) and have 150 or more physicians. In addition, 100 percent of the shared savings will be tied to achieving quality thresholds or improvement targets. Providers under a PGP-model MHQX demonstration have flexibility in how they achieve these improvements in care, and they continue to bill Medicare for their services.

Applicants interested in the PGP model should submit a letter of intent to CMS by April 28, 2006. The letter of intent should include a brief outline of the demonstration proposal, description of proposed organizational structure, and timeline for developing and implementing the model. MHCQ applicants focused on other redesign initiatives and payment models should continue their efforts.

MHCQ-PGP Model applications must be received on or before 5 PM EDT on September 29, 2006.

More information can be found on the MHCQ Demonstration webpage at <http://www.cms.hhs.gov/DemoProjectsEvalRpts/>. Click on “Medicare Demonstrations” in the box on the upper left hand side of the screen. Scroll down to “MMA 646: Medicare Health Care Quality Demonstration” in Year 2005.

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